

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Family Heritage Life Insurance Company of America
<b>TOI/Sub-TOI:</b>	H071 Individual Health - Specified Disease - Limited Benefit/H071.002A Dread Disease - Cancer Only		
<b>Product Name:</b>	Lump Sum Cancer Policy		
<b>Project Name/Number:</b>	/		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	New
<b>Rate Change Type:</b>	Neutral
<b>Overall Percentage of Last Rate Revision:</b>	0.000%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	N/A

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Family Heritage Life Insurance Company of America	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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## Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Cover Letter All Filings		
Comments:			
Attachment(s):			
DC rate cover letter.pdf			

		Item Status:	Status Date:
Bypassed - Item:	Certificate of Authority to File		
Bypass Reason:	N/A - This filing is being submitted by the insurance company.		

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Memorandum		
Comments:			
Attachment(s):			
Actmemo QSA Cancer-N2-ST.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Justification		
Comments:	Please see the Actuarial Memorandum for justification.		

		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		
Bypass Reason:	N/A - This is not a P&C filing		

		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
Bypass Reason:	N/A - This is not a P&C filing.		

<b>Item Status:</b>	<b>Status Date:</b>
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Bypassed - Item:	Rate Summary Worksheet		
Bypass Reason:	N/A - The submitted rates are new, this is not a rate increase.		



Submitted via SERFF

December 19, 2012

Government of the District of Columbia  
Dept. of Insurance, Securities, and Banking  
810 First Street, N. E., Suite 701  
Washington, DC 20002

**RE: Family Heritage Life Insurance Company of America NAIC # 77968  
New Policy Rate Filing  
Individual Specified Disease Policy - Lump Sum Cancer Insurance  
Form Number: FORM C10POL-DC  
Company Filing Number: C10DC RATES**

Dear Sir or Madam:

Family Heritage Life Insurance Company of America would like to submit the premium rates for the subject policy for your review and approval. The policy was submitted for your approval under SERFF Tracking Number FHLA-128808122.

The policy will be marketed primarily on a direct basis through licensed agents.

The initial policy includes an internal cancer benefit ranging from \$1,000 to \$100,000 with a \$100 wellness benefit per calendar year. Additional coverage can be purchased up to an accumulated total of \$100,000. Additional coverage includes a wellness benefit of \$1 per calendar year for each \$1,000 of internal cancer coverage.

Included in this submission are the premium rates and an Actuarial Memorandum.

If you have any questions or require any additional information, please contact me at (440) 922-5134 or via e-mail at [kevin.wicktora@familyheritagelife.com](mailto:kevin.wicktora@familyheritagelife.com). Thank you for your assistance with this filing.

Sincerely,

Kevin R. Wicktora  
Compliance Manager

# **Family Heritage Life Insurance Company of America**

**NAIC Company Code 77968**

## **Actuarial Memorandum**

### **Policy Forms and Riders**

Lump Sum Internal Cancer Policy Form C10POL

### **Purpose of Memorandum**

The purpose of this memorandum is to demonstrate that the anticipated loss ratio for this policy form meets the minimum requirements for the state in which the accompanying filing is being submitted. This memorandum is not intended for any other purpose.

### **Benefits**

After a 60-Day Waiting Period the base policy provides a lump sum payment for the first diagnosis of internal cancer as defined in the policy. A Wellness benefit is payable per calendar year for routine cancer tests and screenings with no waiting period.

The initial policy includes an internal cancer benefit ranging from \$1,000 to \$100,000 with a \$100 wellness benefit per calendar year. Additional coverage can be purchased up to an accumulated total of \$100,000. Additional coverage includes a wellness benefit of \$1 per calendar year for each \$1,000 of internal cancer coverage.

The policy form included with the accompanying filing includes a complete description of all benefits, benefit amounts, and any limitations and exclusions.

### **Renewability**

The policy is guaranteed renewable for life.

### **Marketing Method**

The product is intended primarily for distribution through licensed agents directly to consumers. Distribution may take place at the residence or place of employment. When offered at the place of employment, premiums may be collected through payroll deduction. Other distribution methods used less frequently include direct mail and other distribution methods not including a licensed agent. The premium rates do not vary by marketing method.

### **Issue Age Limits**

This policy form is only available through issue age 80.

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**Family Heritage Life Insurance Company**  
**Actuarial Memorandum**  
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**Morbidity**

Claim costs by attained age are based on historical company exposure data for similar benefits combined with Surveillance Epidemiology and End Results (SEER) Cancer Statistics Review 1975-2009 (Vintage 2009 Populations) data. Tobacco versus non-tobacco claim costs were developed based on this SEER population data and data from Cancer Facts & Figures 2012 published by the American Cancer Society. Sample aggregate claim costs by attained age are shown in the attached Exhibit 1. Adjustments to the attained age claim costs are made for the effects of underwriting and anti-selective lapse through selection factors also shown in the Exhibit 1. Claim costs for children are based on the expected average number of children and multiples of the standard claim costs.

**Lapse Rates**

Anticipated lapse rates vary by age at issue and duration, with first year lapse generally assumed at between 25% and 61%. The anticipated ultimate lapse rates are approximately 6% for Family and Couple Family Types, and 8% for Single Parent and Individual Family Types.

**Mortality**

Mortality rates are based on the 2001 VBT Table, combined 50% male and 50% female, age last birthday for individual and single parent coverage, or is based on the 2001 VBT Table, joint male, female last to die, age last birthday for couple and family coverage.

**Interest**

The interest rate used in determining the present value of premiums and benefits is 3.5% which is the statutory minimum interest rate used in the calculation of contract reserves effective on January 1, 2013.

**Distribution of Business and Anticipated Average Annualized Premium**

The anticipated distribution of business at issue, as well as the anticipated average annualized premium is shown in Exhibit 2. The monthly premium rates are shown in the attached Exhibit 3.

**Anticipated Loss Ratio**

The anticipated lifetime loss ratio meets or exceeds 50% which is the minimum required loss ratio for this type of coverage in this state. The anticipated lifetime loss ratio is calculated as the present value of anticipated benefits divided by the present value of anticipated premiums where anticipated benefits and premiums are calculated using the assumptions and methods described in this memorandum.

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**Certification**

I certify that to the best of my knowledge and judgement, the filing for this policy is in compliance with applicable laws and that the benefits are reasonable in relation to the premium to be charged.

Russell J. Mortensen

Russell J. Mortensen, ASA, MAAA  
Assistant Actuary

11/29/12

Date

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**Family Heritage Life Insurance Company of America**  
**NAIC Company Code 77968**

**Exhibit 1 - Claim Costs**

<b>Attained Age</b>	<b>Cancer Claim Cost</b>
25	58.02
35	107.45
45	220.20
55	459.57
65	896.19
75	1,287.07
85	1,424.16

**Selection Factor**

<b><u>Duration</u></b>	<b><u>Ind/SP</u></b>	<b><u>Coup/Fam</u></b>
1-2	1.10	1.05
3+	1.00	0.95



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**Exhibit 2 - Distribution of Business and Average Premium**

<b>Cancer Policy Level</b>	<b><u>Distribution</u></b>	<b><u>Average Premium</u></b>
20	43.5%	532.81
30	21.7%	724.43
40	16.3%	916.05
50	10.9%	1,107.68
60	2.2%	1,297.58
70	2.2%	1,488.91
80	1.1%	1,688.19
90	1.1%	1,880.52
100	<u>1.1%</u>	<u>2,072.85</u>
Overall	100.0%	780.86

**Family Heritage Life Insurance Company of America**  
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**Exhibit 3A - Cancer Monthly Premium Rates per \$1,000 of Internal Cancer Benefit - Initial Policy**

First \$20,000				Additional amount beyond \$20,000			
	<u>Issue Age</u>	<u>Individual</u>	<u>Couple</u>		<u>Issue Age</u>	<u>Individual</u>	<u>Couple</u>
<u>0 Nicotine Users</u>	0 - 30	0.40	0.65	<u>0 Nicotine Users</u>	0 - 30	0.30	0.50
	31 - 40	0.65	1.10		31 - 40	0.60	0.90
	41 - 50	1.15	2.00		41 - 50	1.10	1.80
	51 - 55	1.70	2.90		51 - 55	1.60	2.70
	56 - 60	2.15	3.65		56 - 60	2.10	3.50
	61 - 65	2.60	4.50		61 - 65	2.50	4.30
	66 - 70	3.00	5.20		66 - 70	2.90	5.00
	71 - 75	3.40	5.90		71 - 75	3.30	5.70
	76 - 80	3.65	6.35		76 - 80	3.60	6.20
<u>1 Nicotine User</u>	0 - 30	0.50	0.75	<u>1 Nicotine User</u>	0 - 30	0.40	0.60
	31 - 40	0.85	1.30		31 - 40	0.80	1.10
	41 - 50	1.50	2.35		41 - 50	1.40	2.20
	51 - 55	2.15	3.45		51 - 55	2.10	3.30
	56 - 60	2.75	4.35		56 - 60	2.70	4.20
	61 - 65	3.35	5.25		61 - 65	3.30	5.10
	66 - 70	3.85	6.05		66 - 70	3.80	5.90
	71 - 75	4.35	6.80		71 - 75	4.30	6.60
	76 - 80	4.95	7.60		76 - 80	4.90	7.40
<u>2+ Nicotine Users</u>	0 - 30	N/A	0.80	<u>2+ Nicotine Users</u>	0 - 30	N/A	0.60
	31 - 40	N/A	1.40		31 - 40	N/A	1.20
	41 - 50	N/A	2.55		41 - 50	N/A	2.40
	51 - 55	N/A	3.70		51 - 55	N/A	3.50
	56 - 60	N/A	4.75		56 - 60	N/A	4.60
	61 - 65	N/A	5.80		61 - 65	N/A	5.60
	66 - 70	N/A	6.65		66 - 70	N/A	6.50
	71 - 75	N/A	7.55		71 - 75	N/A	7.40
	76 - 80	N/A	8.60		76 - 80	N/A	8.40

Policy Fee of \$6 for each covered adult  
Child(ren) Coverage is \$0.10 per \$1,000 of Internal Cancer Benefit

Bi-weekly = [(12 / 26) x Monthly] rounded to nearest penny  
Quarterly = 3 x Monthly  
Semiannual = 6 x Monthly  
Annual = 12 x Monthly

**Family Heritage Life Insurance Company of America**  
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**Exhibit 3B - Cancer Monthly Premium Rates - Additional Coverage**  
**Rates per \$1,000 of Internal Cancer Benefit**

	<u>Issue Age</u>	<u>Individual</u>	<u>Couple</u>
<b><u>0 Nicotine Users</u></b>	0 - 30	0.38	0.66
	31 - 40	0.68	1.06
	41 - 50	1.18	1.96
	51 - 55	1.68	2.86
	56 - 60	2.18	3.66
	61 - 65	2.58	4.46
	66 - 70	2.98	5.16
	71 - 75	3.38	5.86
	76 - 80	3.68	6.36
<b><u>1 Nicotine User</u></b>	0 - 30	0.48	0.76
	31 - 40	0.88	1.26
	41 - 50	1.48	2.36
	51 - 55	2.18	3.46
	56 - 60	2.78	4.36
	61 - 65	3.38	5.26
	66 - 70	3.88	6.06
	71 - 75	4.38	6.76
	76 - 80	4.98	7.56
<b><u>2+ Nicotine Users</u></b>	0 - 30	N/A	0.76
	31 - 40	N/A	1.36
	41 - 50	N/A	2.56
	51 - 55	N/A	3.66
	56 - 60	N/A	4.76
	61 - 65	N/A	5.76
	66 - 70	N/A	6.66
	71 - 75	N/A	7.56
	76 - 80	N/A	8.56

**Child(ren) Coverage is \$0.10 per \$1,000 of Internal Cancer Benefit**

Bi-weekly = [(12 / 26) x Monthly] rounded to nearest penny  
Quarterly = 3 x Monthly  
Semiannual = 6 x Monthly  
Annual = 12 x Monthly